

OVERSEAS NEWS

CABINET APPROVES AUSTERE BUDGET

Japan to boost defence spending

BY ROBERT COTTRELL IN TOKYO

THE JAPANESE Cabinet has approved an austere national budget for the 1985 financial year beginning April 1. But while many ministries face cash cuts next year, Japan's defence budget is to be increased by 6.9 per cent, faster than the 6.55 per cent rise budgeted for the current fiscal year.

(million million) (£10.6bn) during fiscal 1985. The 6.9 per cent increase to ¥314 trillion will be financed partly by giving the agency extra cash from a ¥160bn contingency reserve which the Finance Ministry had created within its original budget draft.

The government's total expenditure for fiscal 1985 is budgeted at ¥325 trillion, an increase of 3.7 per cent over fiscal 1984. But most of that increase is eaten up by higher debt-servicing costs and grants to local government.

The otherwise austere nature of the budget reflects the Government's continuing revenue shortfall, which it has financed by bond issues now totalling ¥122 trillion. But some critics of Mr Nakasone say his Cabinet has not been firm enough in resisting pressure from local politicians for public works projects in their constituencies.

Restrictions on Poles demanded

By Leslie Collett in Berlin

WEST GERMANY'S welcome for the growing number of Poles who jump ship in West German ports and head for the country, may be wearing thin.

Herr Heinrich Lummer, West Berlin Interior Secretary, has called for a tightening of West Germany's residence requirements for Poles. Herr Lummer said this was essential in order to combat a "rising tide of largely social welfare tourism" by Poles to West Germany.

Under a 1968 West German regulation, East Europeans who choose to remain in West Germany cannot be sent back home, unlike asylum-seekers from other countries. More than 100 Poles have jumped cruise ships and ferries to West German ports this year.

Austrian dam site plans shelved

BY LESLIE COLLETT IN VIENNA

AUSTRIA'S Chancellor Fred Sinowatz, under intense pressure from environmentalist protesters, has shelved plans to clear a controversial dam site. Reuter reports from Vienna.

Herr Sinowatz said over the weekend that the Government had decided against resuming tree-felling work on January 4 as planned at Hainburg, east of Vienna, where bloody clashes took place between police and environmentalists last week.

Several people were hurt when police and protesters battled last week and the Government ordered a two-week halt to the tree-felling. Herr Sinowatz said work would now be postponed until emotions had eased and that the Government would in any case start looking at alternatives to Hainburg.

Dublin hands over EEC Presidency and its problems to Rome tonight. FT writers report

How Irish 'innocents' fell out with France

IRELAND'S presidency of the EEC, which has just ended, may have taught the Irish more about the nature of the Community in six months than the previous 10 years of membership.

Italy faces some difficult manoeuvring

THE Italian Government will start talks with the European Commission in the next few days to draw up a new 1985 budget for the Community, writes Paul Cheeseright in Brussels.

At midnight tonight, Italy takes up its six-month presidency of the Community and the budget talks will be its first task. The rejection of a draft budget by the European Parliament earlier this year has immediately plunged the presidency into an institutional squabble.

Italy takes the lead in a Community which is not likely to move smoothly nor reach a new horizon, but rather is stuttering towards the resolution of internal problems while facing the challenge of enlargement to include Spain and Portugal.

The main concern of Dr Garret Fitzgerald, the Irish premier, was to break the logjam over the terms of entry into the EEC of Spain and Portugal. His main efforts were focused on the summit in Dublin which was hosted earlier this month.

For one thing, the Irish may never feel quite the same again about their old allies, the French. The Dublin Presidency began just after the Fontainebleau summit which was hailed as a triumph for President Francois Mitterrand.

The absence of a budget leaves the Community operating its finances on a month-to-month basis in 1985, a major test of administrative skill for the Commission, which takes over at the weekend.

There are a number of other political problems, notably the rivalry between the Foreign Minister, Mr Peter Barry, and his deputy, Mr James O'Keefe. Mr Barry is generally reckoned not to have performed well, and critics say he lacks the diplomatic rank. Staff were drafted in for the summit from bodies as diverse as the Tourist Board and the Department of Health.

Arafat hits at Syria after shooting

By Tony Walker in Cairo

Mr Yasser Arafat, chairman of the Palestine Liberation Organisation, has bitterly denounced Syria after one of his key supporters was gunned down in Amman at the weekend.

The assassination of Mr Fadd al-Qawasmī, 45, a former mayor of Hebron in the Israeli-occupied West Bank and a prominent PLO moderate, is a sign that the sometimes bloody rivalry between the PLO and the Syrian Government is far from over.

The killing of Mr Qawasmī, within weeks of his reelection to the PLO's 11-member executive committee — effectively its "Cabinet" — at the session of the Palestine National Council (PNC) meeting in Amman, raises the stakes for those involved in the struggle for the Middle East peace process.

It was clearly meant to intimidate other leading Palestinians from getting involved in a new moderate Middle East peace initiative. Mr Qawasmī was one of those at the top of the PLO in favour of a political settlement to the Arab-Israeli conflict.

Syria, which provides a base for Palestinian groups anxious to bring about Mr Arafat's downfall, did all it could to prevent the convening of the recent PNC (the Palestinians' parliament-in-exile).

Mr Qawasmī was killed by a bullet in the chest after his assassin first lobbed a hand-grenade failed to explode. His six year old son saw his father shot.

S. Korean row with France may jeopardise contracts

BY STEVEN B. BUTLER IN SEOUL AND DAVID MARSH IN PARIS

SOUTH KOREA and France have fallen out over a French decision to change the name of North Korea's representative office in Paris from a "trade mission" to a "general delegation".

France has said the change in name was made merely to reflect the North Korean mission's role in promoting cultural exchange as well as trade, and did not represent any upgrading of its relationship with Pyongyang.

South Korea, however, has shown its displeasure by recalling its ambassador for consultations and postponing a visit to Seoul by Mme Edith Cresson, the French Foreign Trade Minister.

Alstom is also pinning hopes on South Korean contracts for the export version of France's Train de Grand Vitesse (TGV) high speed train.

trip could herald a similar fate for the Prime Ministerial visit unless the two sides patch up the quarrel. Airbus Industrie, Toulouse-based aircraft manufacturer, has had high hopes of South Korean orders for the A310 Airbus, but the prospect has been dimmed by the row over North Korean representation.

Following that decision, the Korean producers asked the Commerce Department for an "expedited" review of the case, apparently confident that a second look would result in lower duties.

But to the shock of the Korean industry, the Commerce Department's reassessment of the situation in September resulted in a substantial increase in penalty duties when a number of hastily drafted South Korean claims could not be verified.

TV makers win U.S. duty cuts

WASHINGTON—Three major South Korean colour television producers have won substantial reductions in U.S. penalty duties assessed on imports of their products.

In a final determination published last Friday, the U.S. Department of Commerce assessed "dumping" margins on colour TVs produced by Samsung Electronics, Gold Star and Daewoo at 14.88 per cent or less, down sharply from margins as high as 52.5 per cent determined last September.

Department officials attributed the substantial penalty duty reductions, to much better documentation of manufacturing costs and home market pricing by the Koreans. AP-DJ.

W. German group in truck gear deal with Chinese

BY JOHN DAVIES IN FRANKFURT

WEST GERMANY has forged another link with China to back up its intense efforts of the Chinese to develop their motor vehicle industry.

The cars will be mainly for Communist officials and taxi services at first, but the project appears to open the way to private car ownership in China.

Suez Canal charges set to rise

By Tony Walker in Cairo

SHIPS sailing through the Suez Canal will be charged increased tolls from tomorrow in a move that the authorities expect will add \$31.5m (£27m) to revenues for the current fiscal year.

MAN of West Germany recently reached agreement with the Chinese on co-operation in truck assembly. York Trailer of the UK has also signed a deal under which major components for commercial vehicle trailers will be made under licence in China.

Vehicle producers and component makers in the West have been lobbying hard to join in China's efforts to build up its motor vehicle industry with Western "know-how".

Mr Mohamed, Ezat Adel, chairman of the Suez Canal Authority, said last week there would be a 4.6 per cent increase for the current fiscal year, 4.17 per cent for the next 15,000 tonnes, and between zero and 3.6 per cent for subsequent tonnage, depending on the cargo and type of vessel.

Mr Qawasmī had been living in Amman since his expulsion from the West Bank in 1980 because of his PLO links. One of the first to offer condolences to Mr Qawasmī's family was King Hussein of Jordan. The King later denounced the assassination as "a criminal and cowardly act".

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The Canal is Egypt's third largest income earner after remittances from Egyptian workers abroad and petroleum. Earnings in fiscal year 1983-1984 exceeded \$1bn, although the Gulf war had an impact on movements through the canal. The mining of Gulf of Suez and the Red Sea, and the Suez Canal, also contributed to a drop in traffic.

SHIPPING REPORT Insurance rates reach new high after Gulf attacks

BY ANDREW FISHER, SHIPPING CORRESPONDENT

ONCE AGAIN, an otherwise dull market—even more so in the limbo between Christmas and the New Year—was given a dash of drama last week by further attacks on tankers in the Gulf.

After the hits on two VLCCs (very large crude carriers), the Kanabonjunga from India and the Aragon from Spain, bull insurance rates for traffic to and from Iran's Kharg Island terminal reached new highs.

Soviet Union orders cables from India

THE Soviet Union has placed an order worth Rs 550m (£24m) for paper insulated cables from India, R. C. Murthy writes from Bombay.

A contract negotiated by an Indian delegation to Moscow envisages six Indian cable companies, including a Siemens subsidiary, supplying a total of 2,400 km of PILC cables before November 1985. The trade protocol between the two countries provides for supply of 3,000 km of cables from India next year.

Mr O'Keefe, on the other hand, although a minor figure in domestic politics, is given credit for the successful outcome of negotiations on a new trade agreement with Africa, Caribbean and Pacific countries.

But with hardly any tankers now going to Kharg, such rates are largely academic. Japanese traders are suspending crude oil shipments from there because of the attacks. The problems add to those caused for the industry by the tonnage surplus and weak demand for oil generally.

The Soviet order will provide 40 per cent more jobs than in 1984, when the Soviet Union purchased 1,700 km of cables worth Rs 250m.

WORLD ECONOMIC INDICATORS

Table with columns: Country, Retail Prices (1975=100), % change over previous year. Rows include W. Germany, France, Italy, Netherlands, Belgium, UK, U.S., Japan.

Philippines to double imports of coal. The Philippines will need to import about 700,000 tonnes of coal in 1985, compared with about 300,000 imported this year from Australia, Canada and China, the Energy Ministry said in a report last week. Reuter reports from Manila.

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THE MANAGEMENT PAGE

Rationalisation

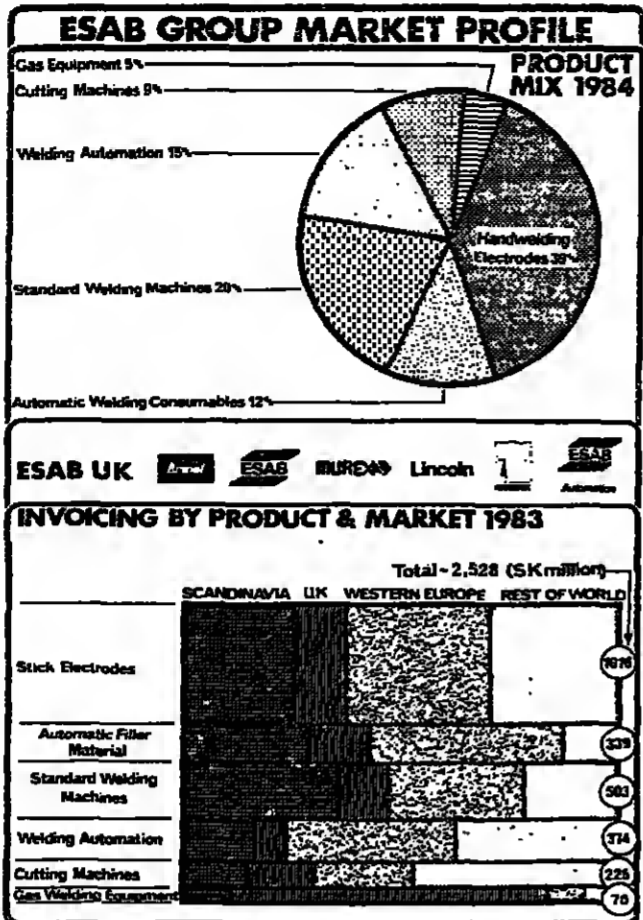
A quest for stability

Ian Rodger explains the Swedish Esab group's philosophy for survival in mature markets

THE IDEA that a single company can rationalise a mature and overcrowded industrial sector has become tarnished since the collapse last year of IRL, the West German construction equipment group.

But Esab, the Swedish welding group, is undaunted. Three years ago, it decided that the only way to restore stability to the welding industry was to buy out ailing rivals and close the excess capacity that was undermining prices.

So far, its attempts seem to be working. Britain has been the main proving ground for the Esab strategy and, in the past two years, the company has turned around the bulk of the British welding equipment industry from over £2.5m in operating losses to more than £2.5m in profits.



Esab's approach is to acquire enough companies in a given country to obtain a dominant market share. Then it closes all its excess capacity, knowing that even if rivals do not follow suit, it will still be the main beneficiary of the improved market conditions that emerge.

also points out that Murex and Lincoln were well-established names in export markets.

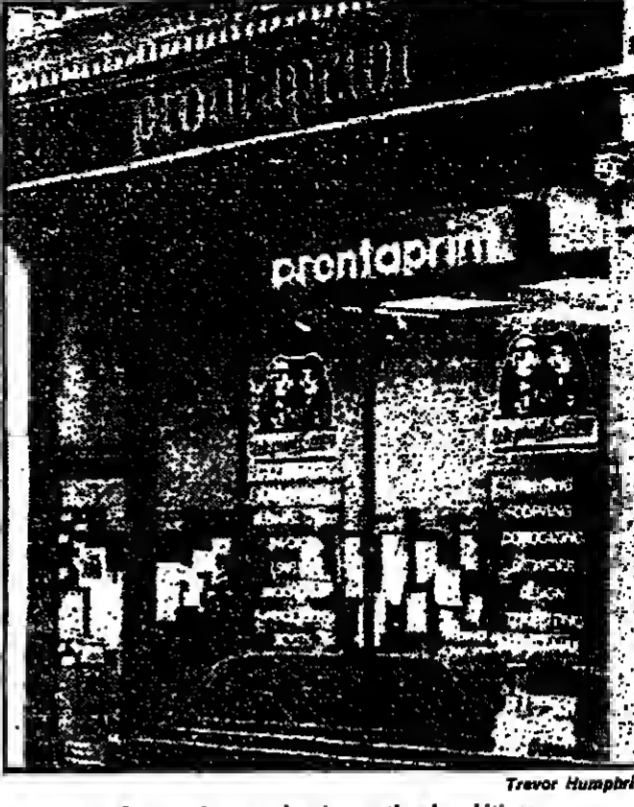
The adoption of this strategy coincided with a trend in the industry for independent distributors to become more important than large direct-sell customers, such as the shipyards, and Esab has put a lot of effort into supporting the distributors of its brands.

It has set out a clearly stated pricing policy for each and adhered to it strictly so that no distributor fears he is not getting as good a deal as his competitor.

Franchising

When service is a product

BY WALTER ELLIS



MARTIN RICHMOND, the new group managing director of Promprint, does not mince his words. "If a franchisee falls below standards, we duff him up. We may do it with kid gloves — after all, he owns the shop — but we let him know he's got to keep up to scratch."

Promprint is Britain's leading instant-print chain, run on a franchise basis from open-plan headquarters in Darlington.

Not that the heavy hand is normally required. "Our built-in external auditor is the next-door franchisee," he observes. "They are the ones who keep up standards."

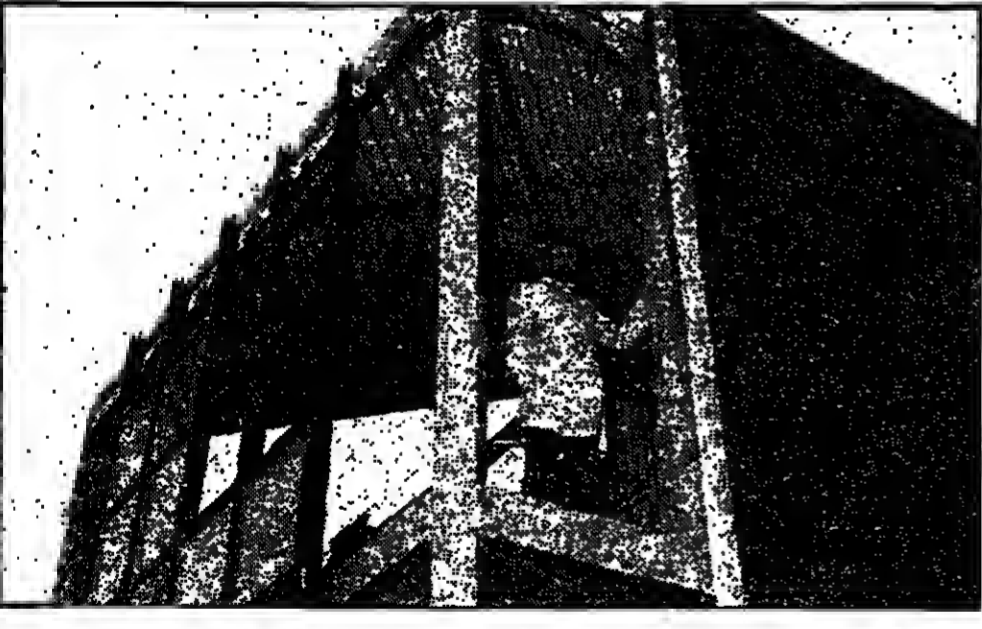
He is also fond of telling his staff and franchisees that "the most important machine in the shop is the till." He has good reason, for not only do individual operators require commercial good sense, but head office derives a large part of its income from the more than 300 links in the Promprint chain.

TECHNOLOGY

ECONOMICAL APPROACH TO CLADDING

Hooked on granite

BY JOAN GRAY, CONSTRUCTION CORRESPONDENT



Mr Steve Green, managing director of Elemeta, on the prototype rig used to test his company's curtain walling systems.

WHEN THE City of Westminster and the GLC's planners insisted on monumental granite cladding for a new office block, United Real Properties and the Crown Commissioners are building in Victoria Street opposite New Scotland Yard, the architect objected.

factory-prepared panels of glass or stone hooked to a lattice fastened to the building's floors and structural framework — is not just the architectural vogue for the glossy glass-walled Dallas-style buildings it makes possible.

It is because curtain walling is the fastest method of cladding a building and the best method of achieving a given insulation in the smallest depth, said Mr Green. "This gives a greater floor area than conventional techniques such as brickwork or using precast concrete cladding panels, and hence enhanced rental and a more valuable project."

ADVANCES IN BIOLOGICAL CONTROL

Pests face a 'natural' end

A BRITISH biotechnology company is spearheading development of a range of "natural" pesticides which could replace dangerous and polluting chemicals, particularly in the Third World.

When MRL was formed in September 1979, it acquired the microbial interests of Tate and Lyle, which includes five products already on the market. These are among the first crop protection agents based in micro-organisms to be registered for use in the UK.

extreme specificity, and the degradability makes them attractive for use in ecologically sensitive areas such as forestry plantations.

Consequently, agrobiologists take only a small share of the almost £400 million market with the United States accounting for 50 per cent. The European market amounts to a minuscule £5m.

Energy

Induction saves electricity

ANNEALING metals is an energy consuming business. IRI Yorkshire Imperial has installed a system under the Government's Energy Efficiency Demonstration Scheme which will use 30 per cent less electricity.

The annealing system replaces an electrically heated roller hearth with an electromagnetic induction system. The electromagnetic system is smaller and is used in a continuous process for annealing 15 mm diameter copper tube.

The equipment has been supplied by ASEA of Sweden. The induction heater consists of a heating coil plus a cooling system which cools the copper tube as it leaves the heating zone.

Electromagnetic induction noted by the Energy Technology Support Unit at Harwell, which it believes could be applied on a smaller scale in the ferrous and non-ferrous metal industries.

LIGHT AT THE END OF WELSH TEST TUBES

Worms and fish contribute to blood screening

BIO TECHNOLOGY IS used diagnostically at the University of Wales College of Medicine, Cardiff, in immunology techniques used to measure proteins and hormones in blood.

However, Dr Tony Campbell and Dr Stuart Woodhead of the department of Biochemistry have succeeded in bypassing this procedure.

present, it's also being considered for use during neonatal screening.

The technique for thyroid diagnosis. At present the kits are being sold to clinical institutes. The potential, however, is much wider. The turnover for thyroid assay using traditional means is \$500m in Western Europe alone.

The good news is FERRANTI Selling technology

Production control

LINEMASTER, a software package from Triad Computing Services of London (01-831 7211, runs on the EDP 11 range of computers and allows production line management. It is a monitoring, wide-range of programmable logic controllers and other devices with embedded micro-processors.

Surface mounting

THE MOVE towards surface mounting of electronic components—that is, the mounting of encapsulated silicon chips directly on the surface of printed circuit boards rather than by means of leads and plated through holes, is gathering pace.

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United front for Europe

IF THE New Year is a time for good resolutions, then there is certainly one resolution which Europe's political leaders should be making as 1984 gives way to 1985: that after a decade of stagnation and ineffectiveness they will make a serious attempt to set the Community on a more dynamic course. For too long the Community institutions have been an arena for petty internal bickering. It is now more necessary than ever to recognise that Europe may only have a declining future unless it forges a united response to the economic challenge from America and the Pacific, on the one hand, and to the uneasy manoeuvrings of the super-powers, on the other. A united response may also be more possible than in previous years. It may not have seemed so at the time, but 1984 was rather a successful year for the Community, in the limited sense that it effectively disposed of a number of internal quarrels which had been casting a shadow on the political scene for decades. The British Government at last secured satisfaction over its demand for a fairer budgetary deal. The Ten agreed to increase the Community's financial resources, starting in 1986, but at the same time decided to impose more rigorous discipline on Community spending, starting immediately. The major obstacles to the admission of Spain and Portugal to membership were finally swept away, and in this context the principle of restraints on surplus food production was extended to Mediterranean products as well as those of northern Europe. It cannot, of course, be said that the Community therefore starts the New Year with a clean slate. It is one thing to make a tentative start on the control of excess output; quite a different time-scale will be needed before agriculture can be confined to a more modest and appropriate share of the Community budget. The agreement in principle on budgetary discipline is a big step forward, but its implementation is likely to be a long-rumbling process, especially between the Council of Ministers and the Parliament. Nevertheless, there is a real sense in which the governments and the institutions of the Community have managed to give more of their attention to the way ahead. If there is now a general recognition that Europe is in

Opec still survives—just

THE inconclusive outcome of last week's meeting of the Organisation of Petroleum Exporting Countries has presented the world with a dramatic possibility: Opec could lose its control over world oil prices. It has been realised, however, that the possibility of the oil cartel collapsing is still just that; it is by no means a certainty and the balance of probabilities must still be heavily weighted in favour of Opec's survival. In the past few weeks, the members of Opec have faced two challenges. One was a life-and-death issue—limiting the cartel's output to below the level of demand in the world market. The other was of equally critical, but slightly less immediate importance—adjusting the pricing formulae for various grades of oil. Opec's leaders, particularly Sheikh Yamani of Saudi Arabia, regarded output reduction as a higher priority than pricing for a reason which any economist could readily outline, but which Opec itself has been astonishingly slow to recognise over the past 10 years. No cartel can control prices directly; it can do so only by colluding to restrict output. If the monitoring system now agreed by Opec succeeds, as intended, in limiting the cartel's output to 16m barrels a day, the continuing disagreement over price differentials could recede into the background, at least for the time being. World-wide demand for Opec's oil in the winter months ahead is likely to exceed 16m b/d and with oil companies' stocks at 11-year lows, the downward pressure on prices should temporarily abate if all Opec members fulfill their pledges to keep within production ceilings. In the longer term, however, the disinclination to price looks ominous. It suggests that the recognition of market realities is still very limited, particularly among the politicians and kings who ultimately determine oil marketing decisions. Two highly irrational aspects of Opec's price fixing in particular point to this conclusion. An apparent obsession with the



George Shultz

A WEEK from today, after an interregnum of just over a year, the super-powers embark on a tentative resumption of arms control negotiations. These will be tentative in at least two senses: there is no firm evidence that Moscow and Washington share common assumptions about what the negotiations are designed to achieve, or how; and there is plenty of evidence that the Reagan administration is as deeply divided on both these questions as it has always been. As a result, it is commonly expected that the meeting in Geneva next Monday, between Mr George Shultz, U.S. Secretary of State, and Mr Andrei Gromyko, his Soviet counterpart, will only be the beginning of a very long process. One Pentagon official known for his hawkish reservations about the general utility of arms control for American interests, has predicted that this process could last for the whole of President Reagan's second four-year term. Perhaps this means that he expects the process to be inconclusive, and hopes to ensure that it is. For all we know, the debate in Washington could be mirrored, in different terms, by analogous arguments in the Kremlin. What is the value to the Soviet Union, in terms of security, of a new package deal limiting various kinds of offensive nuclear weapons, especially since the kind of deep cuts hitherto contemplated by the Americans could jeopardise existing Soviet procurement plans well into an uncertain future? What concessions might Moscow have to make on its offensive arsenal, or on its plans for modernising that arsenal, in order to secure compensating concessions on President Reagan's defensive Star Wars programme, whose reliance on ultra-high technology would appear to give America the presumption of an edge, but whose practical applicability is at best highly uncertain. It is several decades into the future? American hawks worry about the difficulty of verifying, and enforcing compliance with, existing arms control agreements, and the helter-skelter pace of technological develop-

Tradition of discretion may be undermined

those of their electorates. In the popular view, the purpose of arms control negotiations is to limit, or if possible reduce, the numbers of offensive weapons, and that it is likely to remain the yardstick by which European electorates are likely to judge the new negotiations. Their governments, by contrast, are likely to set higher value on the limitation of defensive or space-based weapons. From this point of view, the abortive Euro-missile negotiations on the new cruise and Pershing II weapons may prove in retrospect to have been an unhappy watershed in the brief history of arms control. In the Nato shortband, the Euro-missile programme was seen as a "twin-track" affair; negotiations and/or deployment. This was an inherently ambiguous posture because it left unclear which track was the more important to Nato: did the Alliance need (some of) the new weapons in any case, either as a counter-balance to the new Soviet SS 20 missiles pointing at Europe, or as a political symbol

FOREIGN AFFAIRS Arms talks: mischievous card Moscow may play

By Ian Davidson

view, they probably do not care to be treated as lepers by the Americans, and would prefer some symbolic recognition that the two superpowers do have business they can conduct as equals. From the military point of view, they are obviously keen to secure restraints on the American space weapons programme, just in case it should one day turn out to undermine the credibility of their own nuclear arsenal. They know that their walk-out from Geneva has undermined their plausibility as propagandists for peace. And since the American space weapons programme is not one which can be blocked by European parliaments or European demonstrators, it does not offer an immediate tactical opening for Soviet agitprop in Europe. The resumption of negotiations in Geneva may change all that, for it may then become possible for the Russians either to represent the Americans as the obstacles to arms control and the threat to peace, or to represent the Americans as the obstacles to arms control and the threat to peace, or to represent the Americans as the obstacles to arms control and the threat to peace. The opportunities for mischief-making may not be as immediately obvious this time round as they were last time, but there is no real incentive for negotiating seriously with the U.S. over Euro-missiles so long as it is hoped to get a better result through agitprop, and no incentive to conclude a deal which would sacrifice in advance the stationing in Europe of land-based missiles capable of striking Soviet territory, especially since the planned U.S. deployment was so much smaller (as it turned out) than the planned Soviet deployment of SS 20s. By contrast, the Russians do now seem quite interested in negotiations, for a variety of possible motives. From the political point of



Andrei Gromyko

herent view of what their interests really are. For the purpose of the Euro-missile talks, the Alliance established a regular system of consultation—known as the Special Consultative Group—so as to ensure that the American negotiators and the European nations they were trying to protect did not get too far out of step. This may prove to be the thin end of the wedge, a precedent allowing the Europeans to get some formal representation in the new negotiations even, perhaps, on issues where direct European interests are apparently tenuous. If the exploratory "umbrella" talks starting next week lead to the resuscitation of negotiations on Euro-missiles, either as an ostensibly distinct issue or as part of a larger agenda on different types of offensive weapons, the Europeans will expect again to have some representation. In that case, it

Missile defence goes down well with U.S. voters

would be quite plausible for the Russians to offer specious concessions to the Europeans in order to extract real concessions from the Americans, on strategic nuclear weapons, or on Star Wars, or vice versa. The opportunities for Moscow to play both ends against the middle could be endless. The most obvious opportunity for Soviet splitting tactics will arise at the hinge between offensive and defensive weapons systems. The Americans want to limit what they see as a dangerous Soviet advantage in offensive missiles; the Russians have always made it clear that there can be no deal on offensive systems unless there is also a deal limiting (America's) space weapons. European governments are hostile to the U.S. space weapon programme, first because they see that it could precipitate a wholly new order of destabilising arms race, and second because, if it were (against all the odds) to lead to an effective defence against Soviet ballistic missiles, then Europe would be

Borrie takes off

Sir Gordon Borrie, who as director general of CBI Trading was described by Norman Tebbit as "the most powerful man in British business" will tomorrow become even more powerful when new regulations come into force extending his remit to cover air transport. His new powers will enable him to get to grips with anti-competitive practices in the airline business during what looks likely to be his last full year in the job. Artificially high fares on European routes, maintained by a cosy cabal of governments and airlines, are not likely to escape his attention. Since then relations have improved. Although last week's decision by Norman Tebbit to let the Carnation-Nest merger through against Borrie's advice will not have got the new Fair Trading year off to a good start.

Thrown in

If you would like a £5m executive jet for nothing here's how to go about it. You consider buying a communications satellite from British Aerospace Dynamics group. So keen was the company to clinch a recent deal with a U.S. broadcasting concern for two such satellites costing around £200m that it offered to throw in for free a BAE 125 aircraft, made by another division of the group. That is the story according to executives at U.S. Satellite Broadcasting, a company in St. Paul, Minnesota that aims to launch a satellite-TV service in 1985. At BAE the official line is that it never discusses the details of business deals—although internal sources say the story has the ring of truth. Sadly for BAE the ruse did not pay off. The order went to another bidder, RCA of America. U.S. Satellite Broadcasting says that the British bid was technically excellent. But RCA won on price. As a result BAE is still awaiting its first non-European order for a communications satellite—although it has plenty of satel-

Men and Matters

10 the creation of a new state educational council which, apart from being created, actually hasn't done anything yet. On the sporting front, the Asahi Evening News considers the ninth biggest sports story of 1984 to be the "Japan-Singapore Asian Darts Championship" whatever that was. It's tough enough to find a dart board in Japan. Mind you, everybody agrees on the top Japanese story: it is "the man with 21 faces," which, in case you haven't heard, is the name of the extortion gang which is going round poisoning sweets.

Rare beast

The hunt is on for a new director general to take charge of the British Institute of Management—the largest body of its kind in the world with 75,000 individual members and nearly 7,000 subscribing organisations. Leading the safari is Sir Peter Parker, chairman of the institute. According to him the head-hunters—Alexander Hughes and Associates—are seeking a strange creature: a paragon of paradoxical virtues. BIM wants the roar of a lion (the voice of management) combined with the diffidence of a lamb, to handle so many differing views. Parker also mentions such qualities as the stamina of a steeple-chaser, the skinniness of a jockey (to match the rewards for the post), and the sensitivity of a rhinoceros (for handling public relations). The present incumbent, Rex Closs, retires in March after nine years. The BIM is looking for a man or woman in the "40s to 50s age bracket," and with a general management background—also, "innovative, persuasive, analytical, mature, self-confident, and willing to listen to others." If you think you fill the job description as a "controlled schizophrenic who can keep Whitehall happy and unhappy," then Sir Peter would love to hear from you.

BASE LENDING RATES

Table with 2 columns of bank names and interest rates. Includes A.B.N. Bank, Allied Irish Bank, Amro Bank, Henry Ansbacher, Aruco Trust Ltd, etc.



It'd go home and let the New Year as if only I knew where to lay my hands on a piece of coal

Observer

Social grumbles of the old year

By Samuel Brittan

Rajiv's great responsibility

By John Elliott, South Asia Correspondent, in Delhi



Mr Rajiv Gandhi, India's Prime Minister

THE TOTALLY unexpected and overwhelming landslide victory won at the age of 40 in India's general election by Mr Rajiv Gandhi reflects a national desire for unity and positive leadership. The population has been shattered by a year of violence and death that culminated in the assassination two months ago of Mrs Indira Gandhi, Mr Gandhi's mother and the former Prime Minister.

By obtaining around 400 of the 508 seats being contested in India's Lok Sabha Lower House, Mr Gandhi has not only won a great vote of confidence in what was basically a personal referendum.

He has also routed the opposition to a degree that many observers find worrying for democracy. And he has received a mandate to continue the dynasty started during India's independence struggle by his grandfather, Jawaharlal Nehru, the country's first Prime Minister. He inherits the leadership of the Congress Party which entered its 100th year last Friday.

Table with 2 columns: Seats declared, Congress I, Telega Desam, Communist Marxist (CPM), Communist (CPI), Congress (S), DMKP (Lok Dal), Independent, Bharatya Janata (BJP), Others, To be declared

Gandhi successfully traded on the Sikh problem in the aftermath of his mother's assassination, and on border problems with Pakistan, to exploit fears that India's unity was threatened by internal and external forces. He blamed the opposition, often unfairly, for encouraging these forces and clearly won support for his argument that only his Congress Party could be trusted to guard the unity and integrity of the country.

As large as the pre-election totals of 38 seats held by the Communist Party (Marxist) and the 35 seats held by the DMKP opposition combine led by Mr Charan Singh, which was routed. In a less violent way than the Punjab, the vote in Andhra demonstrates the need for Mr Gandhi to tackle a major problem - a rising tide of industrialisation and Western consumerism increases, leaving the rural masses behind.

UK tax reform

From Mr J. Griffiths Sir, — When I was a young man there used to be an earned-income allowance which meant that wages and salaries were subject to less income tax than unearned income. I never met anyone who did not think this right and proper.

Dual resident companies

From Mr C. Davis Sir, — The Inland Revenue's consultative document on dual resident companies proposes to deny such companies the benefit of UK tax relief if they are also eligible for U.S. tax relief. The UK Exchequer will no longer subsidise companies by allowing them to make their losses available to the rest of their UK group in order to reduce the group's UK tax liabilities.

Letters to the Editor

indeed been able to borrow for the purposes of overseas investment and claim UK tax relief by investing in equity rather than on long term loan account. Whether they will always choose to do so in the absence of U.S. tax relief being available for the same interest is open to doubt. Even with the UK corporation tax rate of 52 per cent, the real marginal rate for many UK groups has been much less, due to surplus advance corporation tax or tax losses: normal tax planning would then suggest that a U.S. investment be mainly on loan account rather than as share capital in order to offset the interest against U.S. profits taxable at 46 per cent. The prospective reduction in the UK tax rate to 35 per cent will reinforce this strategy although further developments are promised by Mr Donald Regan's proposals to continue the game of leapfrog by lowering the U.S. rate to 33 per cent.

than the retention of profits overseas. Finally, there is no mention of the U.S. multinationals' position when they invest in the UK. Is your correspondent equally happy that they too should have both Governments subsidise their financing costs, rather than be entitled to a normal, single, measure of relief? C. W. Davis, The Red Lodge, Blanford Road, Reigate, Surrey

Indeed, the whole UK system of tax on dividends from overseas would be a fairer target for criticism. By its assumption that the UK corporation tax rate is the ultimate criterion for taxability it implicitly overrides the systems of other governments and negates the efforts of UK multinationals to take advantage of the tax incentives on offer to their overseas subsidiaries, particularly in the U.S. where investment tax credits, accelerated tax depreciation and the LIFO basis of inventory valuation are very substantial incentives to investment in capital-intensive industry. Other Governments generally tax dividends received by their own multinationals far more lightly, if at all, presuming to encourage the remittance of such dividends rather

van departments of member states is inadequate. If it had been nickel or cobalt, powder or compounds that had been dispersed into the atmosphere at the rate of two thousand or more of its citizens who died from exposure to methyl isocyanate would be alive and well today. Yet the action level for methyl isocyanate is 100 µg; that for nickel and cobalt powders and compounds is 100 µg. G. N. Flint, 25, Elythe Way, Solihull, West Midlands.

The City's pictures

From the Chairman, Library Committee, Corporation of London Sir, — Being unaware of certain deficiencies as to the redevelopment of the east wing of Guildhall, it is impossible for me to take up any of the points raised by Gillian Darley on December 18 in that regard. Towards President Zia U-Haq of Pakistan who she dismissed as "a dictator". She failed to get on with President Jayewardene of Sri Lanka.

How many small industrialists — electroplaters, hard metal tool manufacturers, paint manufacturers, producers of sintered metal parts, etc. — are aware that their 100 gallons of nickel plating solution, their 100 kg of nickel and cobalt powder or compounds, renders their plant a hazardous installation and subject to the requirement of the regulations? The CIMA Regulations put into force the EEC "Seveso directive", the inclusion in which of nickel and cobalt powder and compounds was effected in the late stages of preparation and subsequently approved without consultation with industry or those knowledgeable in nickel and cobalt epidemiology and industrial practice. It provides a prime example of what can happen when communication between industry, the Commission and relevant

Golden Temple and the assassination of Mrs Gandhi also put a question-mark over attitudes in the Punjab if a regional solution is not found. Thousands of Sikhs fled from Delhi and other Hindu centres just before the election, fearing renewed Hindu attacks (which never came). Many Sikhs are trying to buy property and plots of land in the Punjab — their home state — in case they ever have to flee there, or in case a Sikh state is created. There are also reports of Sikhs in Delhi swapping businesses with Hindus in Amritsar and other Punjab cities. These are frighteningly ominous and divisive omens and means that Mr Gandhi needs to adopt a more conciliatory approach towards Sikhs in general than he did in the election campaign when he was appealing to Sikhs to vote for Hindus, not Sikhs. Sikh activists in the Punjab (which was excluded from the polls for security reasons) have been calling for economic and political concessions, and Mr Gandhi seems likely to try to reach a settlement within a few months. While totally rejecting any form of separatism, he will make offers if he can find Sikh leaders who command broad respect as negotiators. But he will run the risk of undermining an initiative — as they did in his mother — by plunging the country back into the gloom and violence of 1984.

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Table with 2 columns: PURCHASES, SALES, Commission charged, Cost of transaction

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Form with fields: Name, Address, National Savings Stock Register logo

CREDITS

Major changes as bonanza ends

MANY international bankers will probably remember 1984 with relief tinged with regret. Again the prophets of doom were proved wrong as the world financial system failed to collapse under the strain of a continuing developing country debt crisis. Comforting as this may be, however, there is no escaping the fact that this year has brought more chastening news for those engaged in international lending.

Bank executives have had to accept that the leading bonanza that saw their careers flourish in the 1970s has finally ended. Business has become scarcer, competition keener and profit margins slimmer. In the process the international loan market has undergone a profound change from which it may never recover.

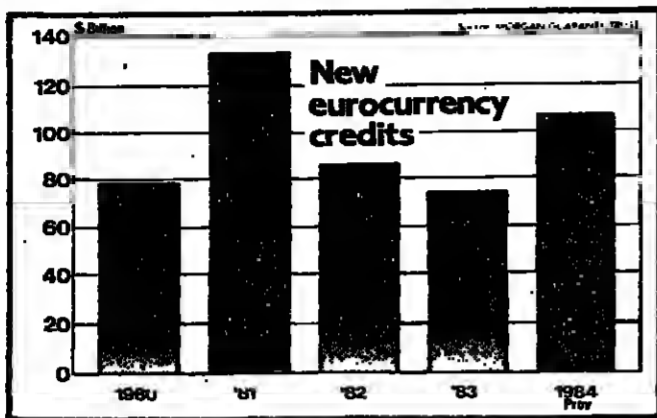
New statistics can mislead in this respect. Provisional data from Morgan Guaranty Trust of the U.S. show, for example, that the volume of new Eurocurrency bank credits rose this year to \$108.3bn from \$74.2bn in 1983, but these totals include more than \$30bn in exceptional credits arranged for U.S. corporations waging or fending off takeovers.

The old fashioned syndicated loan market has been in a sorry state for most of the year. With rescheduling problems making most of Latin America a no-go area, the supply of business from the developing world has continued to dwindle. Meanwhile top-rated borrowers like Sweden have discovered new techniques that often take business right out of the traditional banking market.

Early in 1984 it seemed this might be a temporary phenomenon, but it became clear that the borrowers' market was here to stay. Lower oil prices and sluggish growth curtailed the need for fresh funds among most industrialised countries.

Instead they have been able to concentrate on restructuring existing debt to achieve lower servicing costs - a process which means lower returns for lending banks.

Only in the Far East and Eastern Europe have there been any signs



of buoyancy. East Germany concluded a \$400m credit, its largest ever, while the Soviet Union through its Foreign Trade Bank, has been an active taker of funds. In Asia deals from countries like Malaysia and South Korea have kept the market moderately busy.

In retrospect it is easy to see why the market has changed. It started with the debt crisis which, from 1982 onward, left banks stuck with large blocks of Latin American debt likely to remain on their books for many years. As it was rescheduled, most of this attracted relatively high interest margins - which is still the case - even though rescheduling terms have now shifted in favour of the borrowers.

At the same time business in the international interbank market slowed as smaller banks found it harder to raise funds for international lending. This made them reluctant to seek out new opportunities for medium-term lending and opt instead for short-term business.

International bank lending has thus become increasingly polarised. As banks found themselves compelled to reschedule developing countries' debts over longer periods, they showed a preference for very short-term business from other borrowers regardless of the much reduced returns.

Banks have become more active buyers of floating rate notes which they can sell quickly in case of

need. Even though the margins on such notes are now minuscule, profit can also be made by funding the paper with very short-term money and profiting from the yield curve.

Note issuance facilities, which involve the continuous sale by a borrower of short-term money market paper, have also grown rapidly to the point where only a narrow band of middle quality sovereign borrowers still raise most of their money through conventional Eurocredits.

The cost advantages of new borrowing forms for sovereign and corporate debtors are obvious. Sweden was able to borrow £100m in short-term advances from international banks bearing an average interest margin of just 11.53 basis points (hundredths of a percent) above the London interbank bid rate for sterling deposits. Sweden thus raised money more cheaply than many of the banks which traditionally lend to it.

The question facing bankers is whether such a situation can last. For the moment, the answer seems to be yes, since a strong demand in the international banking markets for short-term investment opportunities persists.

The type of institution which is prepared to make such a cheap advance to Sweden is one that finds itself temporarily with a surplus of sterling, perhaps as a result of a foreign exchange deal. As the number of players in the international interbank market has contracted it is no

longer so easy to place this surplus with other banks. International lending for many banks has become closely enmeshed with the once entirely separate task of treasury or cash management.

For borrowers emphasis on cash management has also grown though in a slightly different way. Most no longer need to scramble for more loans to meet a widening external payments gap. Instead they need to control borrowing costs by seeking lower rates through renegotiation and by using flexible techniques which allow only as much money to be drawn as is needed at any one time.

Note issuance facilities, the stars of 1984, offer such flexibility, but with a caveat. They oblige large banks to make underwriting commitments that have started to worry central bankers. If banks were ever required to back up such contingent business with extra capital this market could suddenly seem far less attractive.

The facilities bear all the hallmarks of the securities market transaction, traditionally the domain of slick investment rather than commercial banks. It is an coincidence that the concept was pioneered by such investment banks as Merrill Lynch.

Credit Suisse First Boston recently masterminded a \$1bn deal for Nestlé, and Salomon Brothers organised a highly successful \$100m facility for Statoil.

These organisations have established pricing power which extends beyond the banks to a broader band of investors. The past two years have shown how adept they are at poaching business away from stolid commercial lenders.

To make their mark in the markets of the future, commercial banks thus have to develop similar placing power and learn to treat loans as tradeable market instruments. Much as they might regret it, the lesson of 1984 is that the old days when banks could grow rich simply by piling more loans on their books have long passed.

Peter Montagnon

INTERNATIONAL BONDS

Dollar dominates a difficult year

SYNDICATE managers may be uncertain what 1985 will bring, but they expect it to be different from 1984. This year was another record one for Eurobond new issues. It was also the year that the much-feared repeal of withholding tax materialised. It was also a year when "no-brainers" - issues that make money without managers having to think about them - were thin on the ground.

The year started in optimistic mood. The bear market, however, which began in February lasted through to June. Then U.S. interest rates started falling, coupons on new issues came down and money was being made again in the bond market. On Eurodollar bond issues, coupons, which had reached 14 per cent at mid-year fell to around 11½ per cent by the end of the year. Other currencies followed suit.

With the dollar riding high throughout the year, issues flooded into that sector of the Eurobond market, which, as in 1983, dominated new issue activity in 1984.

It was a difficult year for issue managers. While the leading houses made money, with some help in the autumn from the sliding interest rates, it was out a year when co-managers could make a fortune. Intense competition between lead managers meant that deals were generally finely priced, leaving little for the less well commissioned co-managers to pick up.

There was also the uncertainty brought about by the repeal of withholding tax in the U.S. Allowing foreigners to buy U.S. domestic bonds free of tax posed a serious threat to the Eurobond market. The move has had little effect so far. The results are subtler and longer term than many realised. Many firms in Europe, however, are finding that dealing in U.S. bonds is forming a larger part of their trading activity.

The other problem is that of "spreads." The difference in yield between an issue in the Eurobond market and in the U.S. has narrowed. Increasingly, Eurodollar issues are being priced off U.S. Treasury yields. This makes swap trans-

actions, where the anomalies in yields in different markets are used to give borrowers an advantage, harder.

Swaps have been big business in the past few years. In 1984, they became increasingly less profitable for the issue managers. Swap driven new issues made up perhaps

The new year will also be a good one for issuers of floating rate notes. These instruments became ever more arcane in 1984. The first perpetual issues appeared. Sweden - ever an innovative borrower - was involved in the first "flip flop" perpetual, one which could be regarded as having a five-year life at the same time as being irrevocable.

issue manager. Another equity linked issue, from the same lead manager, has been called the worst deal of 1984. The Beatrice Foods 10½ per cent issue with equity warrants, collapsed to a price of 81, though it has recovered. The coupon was too low to make up for a too high premium on buying the shares.

Many expect equity issues to play a bigger part in 1985, however. Booming stock markets encourage borrowers to raise money through the equity route.

The early months of the year should see a big flow of financings. Interest rates have dropped to a level which borrowers would like to look into now. They may drop further, but no one is confident enough to predict that they will be lower at the end of 1985 than at the start.

The dollar's continued strength is also debatable. If the dollar falls, the Eurobond market will see more issues in other market sectors. That trend will be reinforced if swaps across currencies become more frequent, because straight interest rates swaps have become harder to arrange.

Japanese investors have been important too in buying issues made directly by Japanese companies. As these issues are not included in the amount institutions are allowed to invest abroad, the demand for them has been enormous. If these institutions are as keen to buy dollar bonds in 1985, these issues will continue to appear at yields which look crazy to Eurobond investors.

Most important is the future of issues from the U.S. Treasury and from U.S. government agencies. So far these have been a failure, because the "targeted registered" form in which they come to Europe has not found favour among investors. The Treasury is committed to continuing its programme of sales to Europe - but will either have to be content with funding at the same rate there as at home, or will have to make the political jump to bearer bonds.

Maggie Urry

TOP LEAD MANAGERS IN THE EUROBOND MARKET

End 1984	End 1983	Bank	\$bn
1	(1)	Credit Suisse First Boston	10.02
2	(2)	Merrill Lynch	5.79
3	(3)	Deutsche Bank	5.74
4	(4)	Borges Guaranty	4.58
5	(5)	Salomon Brothers	3.89
6	(6)	Morgan Stanley	3.71
7	(7)	R. G. Warburg	2.50
8	(8)	Goldman Sachs	2.45
9	(9)	Daiwa Europe	2.40
10	(10)	Hessera Ltd.	2.29

Note: Includes all public issues of Eurobonds (excluding foreign bonds in domestic markets in Europe, U.S. and Japan) issued in 1984. Full amount credited to lead manager, or divided equally between joint lead managers.

two-thirds of the deals done in 1984. The relationship, however, between yields in Europe and the U.S. made those transactions tougher as the year progressed. That was responsible for the worst fashion of the year - debt warrant issues.

Adding a warrant to buy another bond to a bond issue could increase the proceeds enough to make a swap work. The craze for warrants, however, - a highly exciting investment when interest rates are rising down - soon faded. Although issue managers dreamed up increasingly sophisticated refinements to capture investors' interest, warrant fever passed.

There will be more warrant issues in 1985 - when the price is right. But, wonder dealers, will the warrant market become a proper market?

The Eurobond market has certainly matured in the past year. December saw Salomon Brothers lead managing a three-tranche issue for Prudential Corporation of the U.S. with total proceeds of more than \$1bn. It showed that a big deal could work well - if correctly priced, 1985 should see more of such deals.

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- Nederlandse Credietbank N.V.
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- Bank der Bondspaarbanken N.V.
- Caisse des Dépôts et Consignations
- Bank Brussel Lambert N.V.
- Banque de Neufville, Schlumberger, Mallet S.A.
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- Goldman Sachs International Corp.
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December, 1984

INTERNATIONAL CAPITAL MARKETS AND COMPANIES

U.S. MONEY AND CREDIT

Policy worries promise another volatile year

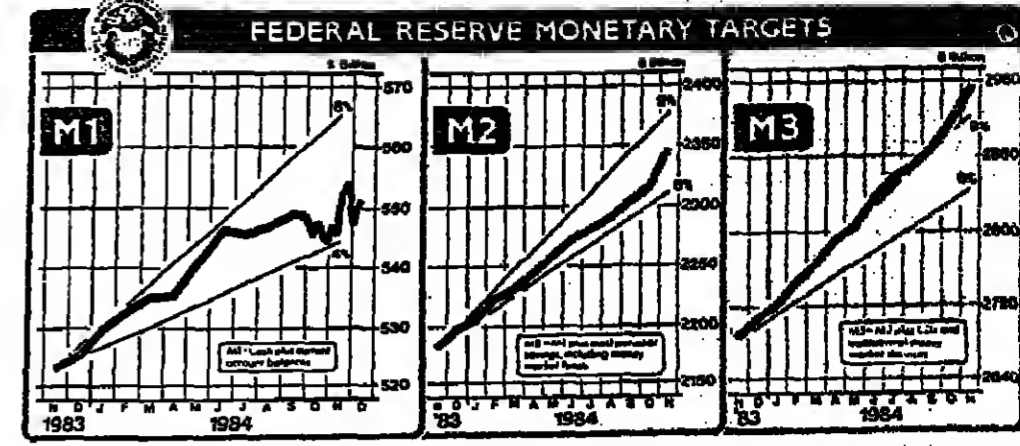
THE U.S. credit markets enter 1985 on a high note—set against an uncertain economic backdrop and a continued focus on the Federal Reserve Board's monetary policy.

Table with 2 columns: U.S. MONEY MARKET RATES (%) and U.S. BOND PRICES AND YIELDS (%). Rows include Fed Funds, Treasury bills, Treasury notes, Treasury bonds, and various corporate bonds.

These factors also help explain why Wall Street's senior economists, who this time a year ago were predicting a firmer Fed, higher money market rates and long-term yields "near their cyclical highs" by year-end, seem to have been going into a cracked crystal ball.

public and private sector borrowing has been supported by an influx of foreign capital. According to Salomon Brothers' figures the net supply of foreign funds grew to \$50.7bn in 1984 from \$29.5bn in 1983 and is projected to remain around the \$30bn level in 1985.

Among specific observations and predictions, Dr Henry Kaufman of Salomon Brothers says: "The efforts of the Federal Reserve to breathe new life into the flagging economy will prove successful some time early next year. The reacceleration in activity will bring to the fore questions about the likelihood of higher inflation and interest rates."



Woinlowler, managing director and chief economist of First Boston, notes: "The strength of the dollar and the persistent weakness of business abroad allows us to pursue more expansive policies without serious near-term inflationary consequences."

UK GILTS

Brokers view 1985 with caution

BROKERS have a well-deserved reputation as inveterate optimists. But the ups and downs in the gilt-edged market over 1984 seem to have at least partially convinced them to exercise caution.

Table titled 'FORECASTS FOR 1985'. Columns: Base rates (end-Mar, end-Dec), Long gilt yields (end-Mar, end-Dec), Sterling index (end-Mar, end-Dec). Rows list various brokers like Capel-Cure Myers, James Capel, etc.

On the plus side for the market, however, is the expectation among many brokers that the money supply figures will come right on the effects of the BT sale are washed out, and that institutional liquidity will be buoyant.

brokers anticipate the possibility of the same sort of bumpy performance as in 1984. Robert Thomas of Greenwell, for example, believes that the market may again be accident-prone, but perhaps by bouts of sterling weakness before gradually regaining its poise.

The main immediate worry for the market is generally agreed to be the potential threat to sterling from any significant fall in oil prices, particularly as fuel demand falls in the spring.

On the plus side for the market, however, is the expectation among many brokers that the money supply figures will come right on the effects of the BT sale are washed out, and that institutional liquidity will be buoyant.

And the outlook for index-linked stocks? There are some predictions that 1985 might be the year when they combine the attraction of maximum security with the highest returns.

Rauma-Repola plans FM 186m rights issue

By Lance Keyworth in Helsinki RAUMA-REPOLA, Finland's second largest private sector industrial group, plans to raise FM 186m (\$28.5m) through a rights issue.

Fiat confirms talks with Ford

FIAT, the leading Italian automobile group, confirms at the weekend that it is holding talks with Ford, the second largest U.S. car company.

Marine sale by U.S. Steel

By Terry Dodworth in New York U.S. STEEL, the largest U.S. steel company, has sold the marine assets of two of its large line companies to Ingram Ohio Barge Company as part of its capital redeployment plan.

U.S. move by Carrefour

By Our Financial Staff CARREFOUR, the French hypermarket group, has invested a total of \$30m in Costco Wholesale Corporation in London and Stockholm.

Investors may lose gold stored with Deak unit

HONG KONG—Investors who bought and stored bullion with Deak-Perera Far East may lose their rights to the gold and become general creditors of the company during liquidation proceedings, government officials and lawyers said.

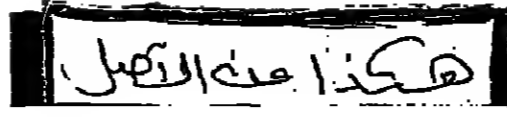
U.S. Steel

U.S. STEEL has had an active asset redeployment programme since 1981 in an effort to raise cash and streamline its face of its heavy losses. Apart from closing some of its steel manufacturing facilities, the group has divested a number of the allied activities which originally established it as the most highly integrated steel concern in the country.

FT/AIBD INTERNATIONAL BOND SERVICE

Large table listing international bond services. Columns include Issued Price, Chg. on, and Yield. Rows list various countries and bond types like U.S. DOLLAR, CANADIAN DOLLAR, AUSTRALIAN DOLLAR, etc.

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Scottish Life Assurance makes successful start

A SUCCESSFUL start to its unit-linked life and pension operations in 1984 is reported by Scottish Life Assurance Company. In the 10 months since...

BOARD MEETINGS

Table listing board meetings for various companies including Carico Engineering, Onona, and Thomson.

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends on interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

Business was recorded particularly single premiums. But ordinary annuity business was halved during the year, compared with 1983. Clerical, Medical and General Life Assurance Society, a leading mutual life company, is keeping its annual reversionary bonus rates on all with-profit contracts unchanged for 1984.

Nash Inds. drops to £0.27m and dividend cut

SERIOUS discrepancies in the accounting records of Dalkeith Press, discovered in August, have further weakened the position at Nash Industries, where losses for the second half were forecast in June by the chairman, Mr J. F. Nash.

In June, the expected losses were blamed on development activities of Western Counties Construction and reduced profits from the engineering division. As a result, pre-tax profits fell from £276,000 to £257,000 on turnover ahead at £16.0m in the year to end-September 1984.

While Press Operations, Victoria Pressings, have performed well, Hodgkinson Bennis has shown reduced profits as a result of the miners' strike, and reduced margins have led to a loss again at Johnson Construction Machinery. During an internal investigation of the trading situation at Dalkeith Press, it came to light that a number of financial irregularities existed in the invoicing procedures which have distorted the true position in the company during the year under review and previous years.

Bestwood hit as costs rise and print margins fall

HIGHER administration charges and a deterioration in results from a printing subsidiary reduced Bestwood to near break-even for the first half of 1984. Pre-tax profits slumped from £113,000 to £4,000 on turnover down from £20,000 to £497,000.

The directors point out that they declared an interim last January, and they intend to repeat this practice. First half earnings per share were shown as falling from 4.89p to 0.15p. Last time a single dividend of 7.5p was paid. In the last full year pre-tax profits came to £278,703 (£219,661).

The directors say the worsening of trading loss from £3,000 to £9,000 in the half year reflects an increase in the general administration charges of the holding company of some £4,400 and a small deterioration in the results of John Brown Printers. Pre-tax profits were struck after reduced income from investments and interest of £13,000 (£116,000). The fall in profits of the printing company represents a loss in contributions arising from a reduction in sales of some £22,000 and a small decline in trading margins offset by an improvement in bad debt provisions of £2,000. Invoiced sales for the 11 months to November 30 have recovered to £942,000 (1983, £906,000).

McKechnie Bros. profits ahead so far

Dr J. M. Buller, chairman of McKechnie Brothers said at the annual meeting: "I can confirm that trading profits for the group to date are ahead of the same period last year. New Zealand is performing particularly well and the UK looks more promising after a rather slow start. South Africa's results are regarded as satisfactory bearing in mind the extremely difficult trading conditions being experienced."

Scot. Heritable extends Hoskins & Horton bid

Scottish Heritable Trust's £7.7m takeover bid for Hoskins & Horton (H&H), hospital equipment and light engineering group, is to be extended to January 10 after gaining acceptance from the holders of only 0.59 per cent of H&H's shares. Scottish Heritable held a 28.81 per cent stake in H & H before it made its bid, so acceptances take its holding to 29.4 per cent of the shares. The Scottish Heritable bid has made no progress since London & Midland Industrials (LMI) put in an agreed bid for H & H at the end of November. The further extension of its offer would allow time for it to increase its offer.

EQUITIES

Table of equity prices for various companies including Aberdeen, Amalgamated, and Anglo-Siam.

FIXED INTEREST STOCKS

Table of fixed interest stock prices including Aberdeen City Council, African Bank, and Anglo-Siam.

"RIGHTS" OFFERS

Table of rights offers for companies like Amalgamated Estates, Balfour Beatty, and British Telecommunications.

COMPANY NEWS IN BRIEF

Kelsey Industries, a manufacturer of solder, pushed full year pre-tax profits up from £1,14m to £1.4m on turnover ahead at £30.83m against £28.16m. The company expects a further improvement in the current year. The dividend for the year to end September is being held at 8p by an unclaimed sum of 5.5p. Earnings amounted to 1p (12.9p), after tax of £740,000 (£523,000).

The net asset value of TR Trustees Corporation at November 30 1984 stood at 169.1p after deducting prior charges at par, compared with 140.4p a year earlier. The directors of this investment trust are holding the interim dividend at 1.2p net. Last year's 3.5p total was paid on an adjusted £3.07m.

BIDS AND DEALS IN BRIEF

The Norwich Union Insurance Group's interest in the ordinary share capital is now over 5 per cent following the purchase on December 11 of 400,000 ordinary shares. The holdings of the Norwich Union Insurance Group in the ordinary share capital of the Property Fund are as follows: Norwich Union Life Insurance Society "B" account 1,561,718 shares (4.7 per cent) and Norwich Union Fire Insurance Society 29,477 shares (0.9 per cent), making 1,591,195 (5.69 per cent). Agreement has been reached for the acquisition by Christy Bros of the engineering business, including their rehold factory premises at Chelmsford.

PENDING DIVIDENDS

Table of pending dividends for companies like Allied Colloids, Assoc Telcom, and British Telecom.

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Refuge Group public limited company. Incorporated under the Companies Act 1948 to 1981 No. 1854666. Share Capital: Authorised £3,000,000; Issued £2,345,688. The Council of the Stock Exchange has admitted all of the issued share capital of Refuge Group public limited company to the Official List.

Clerical Medical

Table showing fund performance for Clerical Medical Managed Funds Limited, including Cash Fund, Mixed Fund, and Fixed Interest Fund.

Granville & Co. Limited

Table showing company prices for Granville & Co. Limited, including Capitolism, Asa, and Amalgamated.

SYNDICATE BANK London Branch. U.S. \$25,000,000. Negotiable Floating Rate Certificates of Deposit due December 1, 1985. MORGAN GUARANTY LTD. ALABAMA BANK OF KUWAIT K.S.C. ANZ FINANCE (FAR EAST) LIMITED.

FINANCIAL TIMES STOCK INDICES. Table showing indices for Government Secs, Fixed Interest, Ordinary, and Gold Mines.

LADBROKE INDEX. Based on FT Index. 940-944 (+15). Tel: 01-427 4411.

F. & C. Eurotrust PLC. Registered in England No. 1055384. £4,999,902. 5 1/4 per cent Convertible Unsecured Loan Stock 1996 at par.

International Market Reports. Telephone 01-246 8086. Including Wall St, Tokyo, Sydney and Hong Kong. Updated twice daily to include opening Wall St indices.

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Closing prices, December 28

Main table containing stock prices, organized by sector (A through Z) and listing various companies with their closing prices and volume.

Continued on Page 13

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AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

Closing prices, December 28

Main table of American stock exchange closing prices, organized in columns by stock symbol and price details.

Continued on Page 14

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Main table of New York stock exchange closing prices, organized in columns by stock symbol and price details.

Notes and legends explaining the data in the tables, including symbols for dividends and price movements.

WORLD VALUE OF THE POUND every Tuesday in the Financial Times

WORLD STOCK MARKETS

OVER-THE-COUNTER

Nasdaq national market, closing prices, December 28

Table of Nasdaq national market closing prices for various stocks, including columns for stock name, price, and change.

CANADA

Table of Canadian stock market closing prices for various companies.

FRANCE

Table of French stock market closing prices for various companies.

AUSTRALIA

Table of Australian stock market closing prices for various companies.

SOUTH AFRICA

Table of South African stock market closing prices for various companies.

AMERICAN STOCK EXCHANGE CLOSING PRICES

Table of American Stock Exchange closing prices for various stocks, including columns for stock name, price, and change.

GERMANY

Table of German stock market closing prices for various companies.

HONG KONG

Table of Hong Kong stock market closing prices for various companies.

JAPAN

Table of Japanese stock market closing prices for various companies.

ITALY

Table of Italian stock market closing prices for various companies.

ENERGY REVIEW - every Wednesday in the Financial Times

Get your News early in Hamburg

Get your News early in Köln

Financial Times information and contact details for Hamburg and Köln.

WORLD STOCK MARKETS

NEW YORK INDICES

Table of New York stock indices including Dow Jones, S&P 500, and various sector indices with columns for Dec 28, Dec 29, Dec 30, Dec 31, 1984, and Since Comm.

Table of Toronto stock indices including Metals & Minerals, M&M, and various sector indices with columns for Dec 28, Dec 29, Dec 30, Dec 31, 1984, and Since Comm.

Table of MONTREAL PORTFOLIO and NEW YORK ACTIVE STOCKS with columns for Dec 28, Dec 29, Dec 30, Dec 31, 1984, and Since Comm.

Table of AUSTRALIA, BELGIUM, DENMARK, FRANCE, GERMANY, HONG KONG, ITALY, JAPAN, NETHERLANDS, NORWAY, SOUTH AFRICA, SWEDEN, SWITZERLAND, and CAPITAL INTL. with columns for Dec 28, Dec 29, Dec 30, Dec 31, 1984, and Since Comm.

** Saturday December 22: Japan Nikkei-Dow 11,462.01. TSE 894.32. Base values of all indices are 100 except Australia All Ordinary and Metals...

OVER-THE-COUNTER

Continued from Page 14

Table of over-the-counter stocks including A.C. MES, B.S. 30, C. 30, D. 30, E. 30, F. 30, G. 30, H. 30, I. 30, J. 30, K. 30, L. 30, M. 30, N. 30, O. 30, P. 30, Q. 30, R. 30, S. 30, T. 30, U. 30, V. 30, W. 30, X. 30, Y. 30, Z. 30.

Table of over-the-counter stocks including A.C. MES, B.S. 30, C. 30, D. 30, E. 30, F. 30, G. 30, H. 30, I. 30, J. 30, K. 30, L. 30, M. 30, N. 30, O. 30, P. 30, Q. 30, R. 30, S. 30, T. 30, U. 30, V. 30, W. 30, X. 30, Y. 30, Z. 30.

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BUILDING CONTRACTS

£4.4m order for William Tawse. WILLIAM TAWSE, a part of Aberdeen Construction Group, has secured a contract to build a water treatment plant in England.

Improvements in local authority homes are included in contracts awarded to TARMAC CONSTRUCTION. The largest at £197,000, is for remedial work to system-built homes at New Forest, Hampshire.

SIR ALFRED McALPINE & SON (NORTHERN) has been awarded three contracts by the Merseyside Regional Council (1318,000); refurbishing a canteen at Liverpool, for BAT (UK and Export) (£244,000); and construction of a new school at Southport (£125,000).

APPOINTMENTS

New directors at Kleinwort Benson. Mr N. G. Baker, Mr A. R. Buckwell, Viscount Chandos, Mr I. R. Peacock, Mr D. R. Soper and Mr A. J. Sumner have been appointed to the board of Kleinwort Benson Investment Management.

Mr Brian Hoggett, chairman of FIDGETT FLOWERS, died suddenly on December 19. Group managing director Mr John Featherstone has taken over as chairman.

Mr Alex Miller has been appointed deputy managing director of AMARCO. He remains managing director of Alcolco, with responsibility for the group's metals and plastics smelting activities.

STURGE HOLDINGS has appointed Mr Peter J. Rawlins as a director from March 1. Subject to the approval of the committee of Lloyd's, Mr Rawlins will also be appointed managing director of A. L. Sturge (Management), the main operating subsidiary of the Sturge Group.

Mr Anthony Viers-Wiles has been appointed a director of SHEPHERD & FRISER, a company which trades under the name of R. W. Sturge and Company. Mr Rawlins is a partner with Arthur Anderson and Company.

BUSINESSMAN'S DIARY

Table of UK Trade Fairs and Exhibitions including London International Boat Show, CAD/CAM International Show, Harrogate International Toy Fair, etc.

OVERSEAS TRADE FAIRS

Table of Overseas Trade Fairs including Testing Show - INSTRUMENTASIA, International Hotel and Catering Industries Trade Fair, etc.

BUSINESS CONFERENCES

Table of Business Conferences including Imperial College: Seminar on fifth generation computer software, Tavistock Institute of Human Relations, etc.

Financial Times Conferences

Table of Financial Times Conferences including PENSIONS IN 1985, THE FT-CITY SEMINAR, THE THIRD AUTOMATED MANUFACTURING CONFERENCE, etc.

Table of Financial Times Conferences including THE CHANGING AFTERMARKET, CABLE TELEVISION AND SATELLITE BROADCASTING, EUROMARKETS IN 1985, etc.

Table of Financial Times Conferences including COMMUNICATIONS IN THE UK - THE CHALLENGE OF CHOICE, All enquiries should be addressed to: The Financial Times Limited Conference Organisation.

DIAMOND CAPITAL LIMITED. Registered Office: 90 Broad Street, Monrovia, Liberia. Investment Partners Limited, 90 Broad Street, Monrovia, Liberia, shareholder of Diamond Capital Limited, call to the attention of the present administration of Diamond Capital Limited to call in time the extraordinary meeting of shareholders to be held on Wednesday, January 10, 1985.

ENERGY WEEK every Wednesday in the Financial Times

AUTHORISED UNIT TRUSTS

Abey Unit Tr. Mgrs. (a)
1.1.51 Unit Tr. Mgrs. (a)
High Income

Table listing various unit trusts and their performance metrics, including Abey Unit Tr. Mgrs. (a) and High Income.

Table listing various unit trusts and their performance metrics, including Abey Unit Tr. Mgrs. (a) and High Income.

Table listing various unit trusts and their performance metrics, including Abey Unit Tr. Mgrs. (a) and High Income.

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FT UNIT TRUST INFORMATION SERVICE

Main table listing FT Unit Trusts, including names like Britannia Group, Key Fund Managers Ltd, and various sub-funds with their respective details.

INSURANCES

Table listing various insurance companies and their services, including Britannia Group, Key Fund Managers Ltd, and others.

Financial Times Monday December 31 1984

Table listing various financial products and services, including Britannia Group, Key Fund Managers Ltd, and others.

FT CROSSWORD PUZZLE No. 5,606

ACROSS
1 Finish before 1.50 in owp (6)
4 Living with a grace that's unusual after six (8)
10 The boy's brigade song I transposed is about animals (7)
11 They may be pressed to provide sound entertainment (7)
12 Work brought back again by a cruel person (4)
13 One of the main safety features (10)
15 Broken in, and felt sorry about that (6)
18 Shell find the RAC unusually patient (7)
20 Action taken about clumsiness from being relegated (7)
21 Nonsense, doctor, I've left (6)
24 Mirra a leading clerk to bring in the letters (10)
26 Break for a quick bite (4)
28 Native boy follows a horse (7)
29 Fancy me sitting in a broken chair! (7)
30 Regretted having tardy people taken in by the front door (8)
31 A spanner the lady in uniform takes to church (6)

DOWN
1 Margaret gets a supply of food for keeping the scores (9)
2 One chap standing in a queue for a rake (5)
3 Block a set of pipes (4)
5 Paddy, the Holyhead chap, follows the flag (8)
6 Maybe reach to pay the chemist (10)
7 Due round about one, after a parting word (5)
8 In the finish the girl followed (6)
9 Moving song about an empty street (5)
14 After last month there's talk of an award (10)
17 Number of flat found in the teens, conceivably (9)
18 A few words which may be pronounced (8)
19 The PDSA lash out in a careless manner (9)
22 Write carelessly "Sarah started to swim" (6)
23 First-rate joke (5)
25 A sudden fright will wake you up (5)
27 Support the mole! (4)

The solution to last Saturday's puzzle will be published with names of winners next Saturday.

Financial Times Monday December 31 1984

Table listing various financial products and services, including Britannia Group, Key Fund Managers Ltd, and others.

General Purpose Life Ins. PLC
City of Westminster Assurance
Sovereign Life Assurance
Various other financial entities and their details.

Handwritten note: "Jensie Lisa"

INSURANCE, OVERSEAS & MONEY FUNDS

Table of insurance and overseas funds including Liberty Life Assurance Co Ltd, Life Assur Co of Pennsylvania, and various international investment funds.

Table of insurance and overseas funds including Sava & Prosper Group, Target Life Assurance Co Ltd, and various international investment funds.

Table of insurance and overseas funds including CAL Investments (IOM) Ltd, Brandy Henderson Mgmt Ltd, and various international investment funds.

Table of money market and bank accounts including Money Market, Trust Funds, and Bank Accounts.

OFFSHORE AND OVERSEAS

Table of offshore and overseas funds including Acropolis Investment Fund SA, Fidelity International, and various international investment funds.

MATTHEWS GOODMAN & POSTLETHWAITE LONDON LIVERPOOL & PARIS 01-248 3200 Offices for Commerce

FT LONDON SHARE INFORMATION SERVICE

HOTELS—Continued

Table of stock prices for various hotels and companies, including columns for Stock, Price, and % Change.

ENGINEERING—Continued

Table of stock prices for engineering companies, including columns for Stock, Price, and % Change.

FOOD, GROCERIES, ETC

Table of stock prices for food and grocery companies, including columns for Stock, Price, and % Change.

DRAPERY & STORES—Cont.

Table of stock prices for drapery and store companies, including columns for Stock, Price, and % Change.

DRAPERY AND STORES

Table of stock prices for drapery and store companies, including columns for Stock, Price, and % Change.

BEERS, WINES—Cont.

Table of stock prices for beer and wine companies, including columns for Stock, Price, and % Change.

BEERS, WINES AND SPIRITS

Table of stock prices for beer, wine, and spirit companies, including columns for Stock, Price, and % Change.

AMERICANS

Table of stock prices for American companies, including columns for Stock, Price, and % Change.

BANKS, HP AND LEASING

Table of stock prices for banks, hire purchase, and leasing companies, including columns for Stock, Price, and % Change.

MATTHEWS GOODMAN & POSTLETHWAITE LONDON LIVERPOOL & PARIS 01-248 3200 Offices for Commerce

BRITISH FUNDS

Table of stock prices for British funds, including columns for Stock, Price, and % Change.

INT. BANK AND OSEAS GOVT STERLING ISSUES

Table of stock prices for international banks and overseas government sterling issues, including columns for Stock, Price, and % Change.

FOREIGN BONDS & RAILS

Table of stock prices for foreign bonds and rails, including columns for Stock, Price, and % Change.

CORPORATION LOANS

Table of stock prices for corporation loans, including columns for Stock, Price, and % Change.

CHEMICALS, PLASTICS

Table of stock prices for chemical and plastic companies, including columns for Stock, Price, and % Change.

INDEX-Linked

Table of index-linked stock prices, including columns for Stock, Price, and % Change.

Over Fifteen Years

Table of stock prices for companies with over fifteen years of history, including columns for Stock, Price, and % Change.

Undated

Table of undated stock prices, including columns for Stock, Price, and % Change.

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Undated

Table of undated stock prices, including columns for Stock, Price, and % Change.

INDUSTRIALS - Continued

Table of industrial stocks including companies like British Petroleum, Shell, and ICI, with columns for stock price, last price, and change.

LEISURE - Continued

Table of leisure-related stocks such as British Airways, British Telecom, and British Gas.

PROPERTY - Continued

Table of property-related stocks including various real estate and construction companies.

INVESTMENT TRUSTS - Cont.

Table of investment trusts such as British American Investment Trust and British Venture Investment Trust.

OIL AND GAS - Continued

Table of oil and gas stocks including BP, Shell, and other energy companies.

MDTRS, AIRCRAFT TRADES

Table of motor vehicles, aircraft, and related trades.

Commercial Vehicles

Table of commercial vehicles.

Components

Table of various components.

Garages and

Table of garages and related services.

SHIPPING

Table of shipping companies.

NEWSPAPERS, PUBLISHERS

Table of newspaper and publishing companies.

PAPER, PRINTING

Table of paper and printing companies.

TEXTILES

Table of textile companies.

SHOES AND LEATHER

Table of shoes and leather goods companies.

SOUTH AFRICANS

Table of South African companies.

OVERSEAS TRADERS

Table of overseas trading companies.

PLANTATIONS

Table of plantation companies.

FINANCE, LAND, etc

Table of finance, land, and other services.

TBACCOS

Table of tobacco companies.

TRUSTS, FINANCE, LAND

Table of trusts, finance, and land.

INSURANCES

Table of insurance companies.

PROPERTY

Table of property-related companies.

INVESTMENT TRUSTS

Table of investment trusts.

REGIONAL & IRISH STOCKS

Table of regional and Irish stocks.

OPTIONS - 3-month call rates

Table of 3-month call option rates.

Advertisement for Telford, 'Need room to grow? Emigrate to The Growing State', with phone number 0952 613131.

Table titled 'MINES - Continued' listing various mining companies and their stock prices.

Table titled 'Tins' listing tin-related companies and their stock prices.

NOTES section containing various financial notes and announcements.

Table titled 'REGIONAL & IRISH STOCKS' listing regional and Irish stock prices.

Table titled 'OPTIONS - 3-month call rates' listing option rates.

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Will demand ever falter?

BY COLIN WILLHAM

A dealer from one of the leading London bullion houses remarked recently that several of the young men trading gold at the moment have never seen a bull market. The opposite could be said for many foreign exchange dealers, who have not yet witnessed a bear market in the dollar.

time the November figure on the Federal budget deficit was above expectations and the market is now looking for a total deficit of around \$220bn for the current financial year. If these factors put a platform under interest rate the market's confidence in the dollar may be well placed, but it would be just as easy to argue that U.S. interest rates have already fallen substantially, that economic growth is now slower than in the first half of 1984, and that a downward correction in the dollar's value is long overdue.

It may be that there is not too much substance underpinning these very high levels for the dollar, but very soon the major international banks will return to the market to take out new positions. When this happened at the beginning of 1984 it set the currency racing up to record levels, and demand has hardly faltered throughout the year. Even as late as the end of August dealers were sceptical of the dollar's ability to break through DM3.00, but the question now is: will it sink back below that level or march on towards DM 3.50?

Whether this situation will change in 1985 is anyone's guess. Ask five or six dealers where the dollar will be in 12 months' time and the answers will be extremely varied. For this reason the U.S. currency is likely to remain cautiously firm at the beginning of 1985, but interest rates have fallen so the speed of economic growth in the U.S. has slackened, but the latest figures seem to indicate that the rate of growth is again picking up. At the same time the November figure on the Federal budget deficit was above expectations and the market is now looking for a total deficit of around \$220bn for the current financial year.

Commercial demand was expected to keep the dollar firm at the year-end, and in a thin market the currency rose to a record high on the Bank of England's exchange rate index, and to the highest level against the D-mark for 11 years.

POUND SPOT-FORWARD AGAINST SPOT

Table showing POUND SPOT-FORWARD AGAINST SPOT with columns for Dec 28, Day's spread, Close, One month, % Three months, % p.a.

Table showing STERLING EXCHANGE RATE INDEX (Bank of England) with columns for Dec 28, Previous, 8.30 am, 9.00 am, 10.00 am, 11.00 am, Noon, 1.00 pm, 2.00 pm, 3.00 pm, 4.00 pm.

FORWARD RATES AGAINST STERLING

Table showing FORWARD RATES AGAINST STERLING with columns for Dollar, 0-Mark, French Franc, Swiss Franc, Japanese Yen, Spot, 1 month, 3 months, 6 months, 12 months.

BANK OF ENGLAND TREASURY BILL TENDER

Table showing BANK OF ENGLAND TREASURY BILL TENDER with columns for Dec 28, Dec 31, Dec 28, Dec 31, Bill on offer, Total applications, Total accepted, Minimum accepted bid, Allocation at minimum bid.

DOLLAR SPOT-FORWARD AGAINST DOLLAR

Table showing DOLLAR SPOT-FORWARD AGAINST DOLLAR with columns for Dec 28, Day's spread, Close, One month, % Three months, % p.a.

CURRENCY MOVEMENTS

Table showing CURRENCY MOVEMENTS with columns for Dec 28, Bank of England Index, Morgan Guaranty Index, U.S. dollar, Canadian dollar, Australian dollar, etc.

CURRENCY MOVEMENTS CURRENCY RATES

Table showing CURRENCY MOVEMENTS CURRENCY RATES with columns for Dec 28, Bank of England Index, Morgan Guaranty Index, U.S. dollar, Canadian dollar, Australian dollar, etc.

OTHER CURRENCIES

Table showing OTHER CURRENCIES with columns for Dec 28, £, \$, Note Rates.

EMS EUROPEAN CURRENCY UNIT RATES

Table showing EMS EUROPEAN CURRENCY UNIT RATES with columns for Dec 28, Currency, % change, % change against ECU, % change against ECU, divergence limit %.

EXCHANGE CROSS RATES

Table showing EXCHANGE CROSS RATES with columns for Dec 28, Pound Sterling, U.S. Dollar, Deutsche Mark, Japanese Yen, French Franc, etc.

EURO-CURRENCY INTEREST RATES

Table showing EURO-CURRENCY INTEREST RATES (Market closing rates) with columns for Dec 28, Sterling, U.S. Dollar, Canadian Dollar, Dutch Guilder, Swiss Franc, etc.

STERLING EXCHANGE RATE INDEX

Table showing STERLING EXCHANGE RATE INDEX (Bank of England) with columns for Dec 28, Previous, 8.30 am, 9.00 am, 10.00 am, 11.00 am, Noon, 1.00 pm, 2.00 pm, 3.00 pm, 4.00 pm.

FORWARD RATES AGAINST STERLING

Table showing FORWARD RATES AGAINST STERLING with columns for Dollar, 0-Mark, French Franc, Swiss Franc, Japanese Yen, Spot, 1 month, 3 months, 6 months, 12 months.

BANK OF ENGLAND TREASURY BILL TENDER

Table showing BANK OF ENGLAND TREASURY BILL TENDER with columns for Dec 28, Dec 31, Dec 28, Dec 31, Bill on offer, Total applications, Total accepted, Minimum accepted bid, Allocation at minimum bid.

DOLLAR SPOT-FORWARD AGAINST DOLLAR

Table showing DOLLAR SPOT-FORWARD AGAINST DOLLAR with columns for Dec 28, Day's spread, Close, One month, % Three months, % p.a.

CURRENCY MOVEMENTS

Table showing CURRENCY MOVEMENTS with columns for Dec 28, Bank of England Index, Morgan Guaranty Index, U.S. dollar, Canadian dollar, Australian dollar, etc.

MONEY MARKETS

Little sign of concern. It has been a relatively steady year for London interest rates. Apart from a hiccup in mid-summer, when the base rate touched 12 per cent, the general level has been around 9 to 10 per cent.

MONEY MARKETS

never expected to be anything like as good as October's rise of only 1/4 per cent, which at the time encouraged one of the several cuts in base rates seen during November.

MONEY MARKETS

The authorities have also shown little concern at the decline in sterling's value against the dollar and major currencies in general. The weakness has been partly due to the strength of the U.S. currency and the fall in world oil prices, including North Sea crude on the European spot market.

MONEY MARKETS

Oil has been very much the catalyst producing the deterioration in the pound, and on that basis a rise in interest rates may prove of limited value.

MONEY MARKETS

This means that although sterling has fallen from a peak of over \$1.49 at the end of February to the present level, interest rates are little different now from the early part of the year.

MONEY MARKETS

Base rates were 9 per cent in January, falling to a low of 8 1/2 per cent in March, and now stand at 9 1/8 per cent. Hopes of lower rates in the near future have virtually evaporated, and all that can be said is that the downward trend in U.S. rates has helped prevent too many signs of strain from showing in London.

FT LONDON INTERBANK FIXING

Table showing FT LONDON INTERBANK FIXING with columns for 11.00 a.m. December 28, 3 months U.S. dollars, bid 8 1/8, offer 8 3/4, 6 months U.S. dollars, bid 8 1/4, offer 9 1/4.

LONDON MONEY RATES

Table showing LONDON MONEY RATES with columns for Dec 28, Sterling Certificate of Deposit, Interbank, Local Authority Deposits, Company Deposits, Market Deposits, Treasury (Buy), Treasury (Sell), Eligible (Buy), Eligible (Sell), Fine (Buy).

DISCOUNT HOUSES DEPOSIT AND BILL RATES

Table showing DISCOUNT HOUSES DEPOSIT AND BILL RATES with columns for Dec 28, Sterling Certificate of Deposit, Interbank, Local Authority Deposits, Company Deposits, Market Deposits, Treasury (Buy), Treasury (Sell), Eligible (Buy), Eligible (Sell), Fine (Buy).

MONEY RATES

Table showing MONEY RATES with columns for Dec 28, Prime rate, Broker loan rate, Fed funds rate, Fed funds at intervention, Treasury Bills, Treasury Bonds, Two year, Three year, Four year, Five year, Ten year, 30 year.

MONEY RATES

Table showing MONEY RATES with columns for Dec 28, Prime rate, Broker loan rate, Fed funds rate, Fed funds at intervention, Treasury Bills, Treasury Bonds, Two year, Three year, Four year, Five year, Ten year, 30 year.

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LONDON MONEY RATES

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MONEY RATES

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Table showing FT LONDON INTERBANK FIXING with columns for 11.00 a.m. December 28, 3 months U.S. dollars, bid 8 1/8, offer 8 3/4, 6 months U.S. dollars, bid 8 1/4, offer 9 1/4.

LONDON MONEY RATES

Table showing LONDON MONEY RATES with columns for Dec 28, Sterling Certificate of Deposit, Interbank, Local Authority Deposits, Company Deposits, Market Deposits, Treasury (Buy), Treasury (Sell), Eligible (Buy), Eligible (Sell), Fine (Buy).

DISCOUNT HOUSES DEPOSIT AND BILL RATES

Table showing DISCOUNT HOUSES DEPOSIT AND BILL RATES with columns for Dec 28, Sterling Certificate of Deposit, Interbank, Local Authority Deposits, Company Deposits, Market Deposits, Treasury (Buy), Treasury (Sell), Eligible (Buy), Eligible (Sell), Fine (Buy).

MONEY RATES

Table showing MONEY RATES with columns for Dec 28, Prime rate, Broker loan rate, Fed funds rate, Fed funds at intervention, Treasury Bills, Treasury Bonds, Two year, Three year, Four year, Five year, Ten year, 30 year.

MONEY RATES

Table showing MONEY RATES with columns for Dec 28, Prime rate, Broker loan rate, Fed funds rate, Fed funds at intervention, Treasury Bills, Treasury Bonds, Two year, Three year, Four year, Five year, Ten year, 30 year.

THE BANK OF TOKYO, LTD. 2/F, FAR EAST FINANCE CENTRE, 16 HARCOURT ROAD, Hong Kong. NEGOTIABLE FLOATING RATE UNITED STATES DOLLAR CERTIFICATES OF DEPOSIT SERIES 105 DUE JUNE 30, 1986. (PRE PAYABLE ON JUNE 28, 1985).

National Bank of Detroit. US\$100,000,000. Floating Rate Subordinated Capital Notes Due 1996. Notice is hereby given that for the initial period between December 28, 1984 to March 28, 1985 the Notes will carry an interest rate of 8 1/8% per annum.

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